

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
Cassopolis, Michigan

Report of Financial Statements  
June 30, 2005

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August 12, 2005

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Lewis Cass Intermediate School District  
Cassopolis, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lewis Cass Intermediate School District, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lewis Cass Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Lewis Cass Intermediate School District as of June 30, 2005 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2005 on our consideration of Lewis Cass Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education  
August 12, 2005

The management's discussion and analysis and budgetary comparison information on pages i through ix and pages 22 through 24, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the primary government of Lewis Cass Intermediate School District's basic financial statements. The additional information on pages 25 to 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2005

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Our discussion and analysis of Lewis Cass Intermediate School District's financial performance, a GASB 34 requirement, provides an overview of the District's financial activities for the fiscal year ended June 30, 2005. This financial model was adopted by the Governmental Accounting Standards Board (GASB) in *Statement No. 34 Basic Financial Statements-and Management's discussion and Analysis-for State and Local Governments*, issued in June, 2000. This is the second year the District has been required to report under the provisions of GASB 34.

Lewis Cass Intermediate School District is located in Cass County and portions of Berrien, St. Joseph, and Van Buren Counties in the State of Michigan. The District serves the four local K-12 districts located within its boundaries.

Generally accepted account principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: ***Fund Financial Statements and District-Wide Financial Statements***.

**Fund Financial Statements:**

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with the current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". The District's ***major*** instructional and instructional support activities are reported in three funds: the General Fund, and two Special Revenue Funds including the Special Education Fund and the Community Service Fund. Additional activities are reported in ***nonmajor*** governmental funds including: the School Lunch (Food Service) Fund and Fiduciary Funds (Trust Fund and Agency Fund).

LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2005

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In the fund level financial statements purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of long-term debt is recorded as a financial resource. The current year's payments of principal and interest on debt are recorded as expenditures. Future debt obligations are not recorded.

**Major Governmental Funds Budgeting and Operating Highlights**

**General Fund:**

The District's revenues and incoming transfers in the General Fund exceeded expenses by \$106,127. The resulting increase in General Fund equity is above the original budget estimate of an \$89,226 deficit, and the final budget amendment of a \$62,336 surplus. Actual revenues of \$4,066,574 were \$98,019 above the original budget and \$59,987 below the final budget amendment.

The actual expenditures and outgoing transfers of \$3,960,447 were \$97,334 below the original budget and \$103,778 below the final budget amendment.

**Special Education Fund:**

The total special education revenues and incoming transfers of \$5,992,100 were above the original budgeted amount of \$5,746,736, and \$23,977 below the final budget amendment. Total expenses and outgoing transfers of \$6,126,259 were below the original budget and \$79,167 below the final amended budget.

Special education fund equity decreased by \$134,159 compared with the original budgeted amount of a deficit \$373,288 and a final budgeted deficit of \$189,349.

**Community Service Fund:**

Final actual revenues in the Community Service Fund of \$4,672,785 were above the original budget and below the final amended budget. Final expenses and outgoing transfers of \$4,686,557 were also above the original budget and below the final amended budget amounts. There can be significant changes in the Community Service Fund operating results depending upon the timing of the various grants within the fund. Many of these funds are on a September 30 grant year cycle and there are typically multiple grant years involved during the District's June 30 fiscal year. This is reflected in Table 1 with the original budgets only reflecting signed contracts as of June 30, 2004.

The Community Service Fund equity decreased by \$13,772.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**

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A summary of the major governmental funds' operating results is shown in Table 1.

**Table 1**  
**Major Governmental Funds Budget &**  
**Actual Revenues and Expenditures**

	Original Budget	Final Budget June 2005	Final Actual 30-Jun-05	Variance Actual & Original Budget	Variance Actual & Final Budget
<b>General Fund</b>					
Revenues	3,968,555	4,126,561	4,066,574	2.47%	-1.45%
Expenditures	4,057,781	4,064,225	3,960,447	-2.40%	-2.55%
Surplus (Deficit)	-89,226	62,336	106,127	-18.94%	70.25%
<b>Special Education Fund</b>					
Revenues	5,746,736	6,016,177	5,992,100	4.27%	-0.40%
Expenditures	6,120,024	6,205,656	6,126,259	-0.10%	-1.28%
Surplus (Deficit)	-373,288	-189,479	-134,159	-64.06%	-29.15%
<b>Community Service Fund</b>					
Revenues	1,207,098	4,725,020	4,672,785	287.11%	-1.11%
Expenditures	1,207,098	4,722,472	4,686,557	288.25%	-0.76%
Surplus (Deficit)	0	2,548	-13,772	n.a.	-640.50%

LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2005

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**District Wide Financial Statements:**

**Statement of Net Assets**

The District wide financial statements are full accrual statements. They report all of the District's assets and liabilities, both short-term and long-term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the District are reported in the **Statement of Net Assets** of the District wide financial statements. This report presents a point in time "balance sheet" of assets and liabilities, both current and long-term, and the resulting net assets of the District for June 30, 2005 compared with June 30, 2004 (see Table 2).

**Table 2  
Statement of Net Assets**

	June 30, 2004	June 30, 2005
<b>Assets</b>		
Current Assets	4,893,897	4,332,963
Capital Assets	4,678,638	4,875,942
Less accumulated depreciation	(1,367,062)	(1,558,131)
Capital assets, net book value	3,311,576	3,317,811
Total Assets	<u>8,205,473</u>	<u>7,650,774</u>
<b>Liabilities</b>		
Current Liabilities	1,617,234	1,240,838
Long-term liabilities	589,777	411,497
Total Liabilities	<u>2,207,011</u>	<u>1,652,335</u>
<b>Net Assets</b>		
Capital assets, net book value	3,311,576	3,317,811
Capital assets, related debt	(554,346)	(464,346)
Total capital assets, net of related debt	2,757,230	2,853,465
Restricted	0	0
Unrestricted	3,241,232	3,144,974
Total Net Assets	5,998,462	5,998,439
Total Liabilities and Net Assets	<u>8,205,473</u>	<u>7,650,774</u>



LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2005

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**Statement of Change in Net Assets (Statement of Activities)**

The **Statement of Change in Net Assets**, also referred to as the Statement of Activities, indicates the results of operations for the fiscal year. It summarizes the total revenues and expenses, and the resulting change in net assets of the District. Table 3 describes the District wide result of operations for the fiscal years ending June 30, 2005 and June 30, 2004.

**Table 3**  
**Statement of Change in net Assets**  
**(Statement of Activities)**

	June 30, 2004	June 30, 2005
<b>Revenues</b>		
Program Revenues		
Charges for Services	842,563	443,130
Federal and State Categorical Grants	8,920,601	7,865,139
General Revenues		
Property Taxes	2,472,745	2,577,292
State Sources	2,302,011	3,090,349
Other	236,605	200,551
<b>Total Revenues</b>	14,774,525	14,176,461
<b>Expenses</b>		
Instruction	1,051,581	1,044,671
Support Services	6,993,385	7,065,189
Community Services	4,855,460	4,252,530
Food Service	70,361	78,893
Interest and Fees on Long-Term Debt	30,998	18,338
Transfers to Other Districts	1,135,824	1,501,147
Unallocated Depreciation	198,622	215,716
<b>Total Expenses</b>	14,336,231	14,176,484
<b>Increase in Net Assets</b>	438,294	(23)
<b>Beginning Net Assets</b>	5,560,168	5,998,462
<b>Ending Net Assets</b>	5,998,462	5,998,439

LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2005

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**Analysis of Financial Position:**

As illustrated in Table 3, the District's net assets decreased by \$23 during the fiscal year ended June 30, 2005. The overall condition of all funds remains extremely strong for the District. The general fund and the special education fund ended the year with net operating income greater than that indicated in their respective adopted budgets.

The *general fund* realized a \$106,127 increase in fund equity. The ending fund balance of \$2,557,007 represents approximately 64% of current operating expenses. This is a very favorable position that will permit the fund to operate without concern of available cash during the 2005-2006 fiscal year despite the District's commitment to continue operating the 0-5 program through June 2006 while federal funding for the program will end in September 2005.

The *special education fund* operated with a \$134,159 deficit during the 2004-2005 fiscal year. The ending fund balance of \$785,752 represents approximately 13% of current operating expenses. While there is no educational industry standard for fund equity, it is generally agreed that a fund equity approximating 15% of current operating expenses should provide adequate fiscal protection; therefore this position is within an acceptable range. The final bonded debt payment on the Dowagiac, MI building will be made during the 2005-2006 fiscal year after which the District will realize an annual cash basis savings of approximately \$100,000.

The *community service* fund operates on a flow-through basis for various grants. The District operates as a subcontractor for Michigan Works and other agencies. The grant contracts are typically for a one-year period, after which time all funds are normally fully expensed. At the end of the 2004-2005 fiscal year, this fund had a deficit equity balance \$5,113. The total expenditures for the fiscal year were \$4,686,557.

LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2005

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**Capital Assets and Debt Administration:**

**Capital Assets**

Under the provisions of GASB 34, the District now reports capital assets and accumulated depreciation. These were first reported for the fiscal year ended June 30, 2004. For all assets acquired prior to July 1, 2003 assets were reported at appraised original cost or, if available, at actual cost. The year of acquisition was identified and accumulated depreciation through June 30, 2003 was calculated. For assets acquired beginning July 1, 2003 assets are recorded at actual cost. The June 30, 2004 financial reports reported the beginning amounts plus acquisitions, less disposals for the 2003-2004 fiscal year, and also recognized additional depreciation for that year.

Acquisitions and disposal of District assets for fiscal year 2004-2005 were recorded and net depreciation in the amount of \$195,761 was recognized for the year. Total additions for the year were \$228,204. Assets disposed of during the year totaled \$30,900. At the end of fiscal year 2004, the District had \$4.88 million invested in land, buildings, site improvements, vehicles, furnishings and equipment. Of this amount \$1.56 million in depreciation has been taken over the years. As described above, these amounts are recognized in *the District-Wide Financial Statements but not in the Fund Financial Statements*.

**Long-Term Debt**

Long term debt associated with the capital assets totaled \$464,346 as of June 30, 2005. This includes \$95,000 for school building bonds and \$369,346 in "Durant" bonds. Durant bonds are not a direct liability of the District and are retired via payments by the State of Michigan, however for state accounting purposes, school districts in Michigan reflect a portion of the total state debt on their financial reports.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2005**

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**Table 4**  
**Capital Assets and Long-Term Debt**

	June 30, 2004	June 30, 2005
<b>Capital Assets</b>		
Land	60,000	60,000
Buildings & additions	3,294,430	3,328,797
Site improvements	183,013	183,013
Equipment and furniture	215,833	239,333
Vehicles	925,362	1,064,799
Total Capital Assets	4,678,638	4,875,942
 Total Accumulated Depreciation	(1,367,062)	(1,558,131)
 Net Capital Assets	3,311,576	3,317,811
 <b>Long-Term Capital Debt</b>		
Building bonds	185,000	95,000
Limited obligation Durant bonds	369,346	369,346
Total Long-Term Capital Debt	554,346	464,346
 Total Capital assets Net of Related Debt	2,757,230	2,853,465

**Economic Factors and Next Year's Budgets:**

The economy in the state of Michigan continues to lag behind the national trend toward recovery. Basic state aid for intermediate school district general fund operations is anticipated to increase by only 2.6% for 2005-2006, representing less than an additional \$10,000 for the District. It is noteworthy that state aid for the District was *reduced* by more than \$67,000 for the 2004-2005 fiscal year. The District has made a commitment to continue full funding of the county-wide 0-5 program through June 30, 2006. Federal funding for this program ends September 30, 2005. The result is a preliminary general fund budget deficit of over \$400,000 for 2005-2006. The strong fund equity position the District maintains enables it to weather these economic challenges.

LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2005

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Other significant budgetary pressures will include the increase in state retirement from 14.87% of salary and wages last year to 16.34% beginning October 1, 2005, a 10% increase. This factor alone will increase operating expenses of the general and special education funds by more than \$65,000. The special education budget for 2005-2006 indicates a \$63,000 deficit with an expense base of \$6.5 million. The fund balance as of June 30, 2006 is anticipated to be approximately \$666,000, approximately 10% of current expenses.

**Requests for Information:**

This report is designed to provide a general overview of the Lewis Cass Intermediate School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

Richard S. DeVos  
Chief Financial Officer  
Lewis Cass Intermediate School District  
61682 Dailey Road  
Cassopolis, MI 49031-9648

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## BASIC FINANCIAL STATEMENTS

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
June 30, 2005

	<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>
<b>CURRENT ASSETS:</b>		
Cash		\$ 2,024,925
Investments		1,360,167
Property taxes receivable		26,000
Accounts receivable		362,088
Prepaid expenses		774
Due from other governmental units		559,009
<b>TOTAL CURRENT ASSETS</b>		<u>4,332,963</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets		4,875,942
Less accumulated depreciation		(1,558,131)
<b>TOTAL NONCURRENT ASSETS</b>		<u>3,317,811</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 7,650,774</u></u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>		
Accounts payable		\$ 78,615
Accrued salaries & withholdings		616,463
Accrued retirement payable		49,141
Accrued interest		47,368
Deferred revenue		221,856
Current portion of long term debt		227,395
Current portion of compensated absences		-
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,240,838</u>
<b>NONCURRENT LIABILITIES:</b>		
Noncurrent portion of long term debt		236,951
Noncurrent portion of compensated absences		174,546
<b>TOTAL NONCURRENT LIABILITIES</b>		<u>411,497</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt		2,853,465
Unrestricted		3,144,974
<b>TOTAL NET ASSETS</b>		<u>5,998,439</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 7,650,774</u></u>

The accompanying notes are an integral part of the financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
Instruction	\$ 1,044,671	\$ 81,122	\$ 836,219	\$ (127,331)
Support services	7,065,189	324,487	3,344,874	(3,395,827)
Community services	4,252,530		3,652,827	(599,703)
Food services	78,893	13,513	31,219	(34,161)
Transfers to other districts	1,501,147	24,008		(1,477,139)
Interest & fees on long-term debt	18,338			(18,338)
Unallocated depreciation	215,716			(215,716)
Total governmental activities	<u>\$ 14,176,484</u>	<u>\$ 443,130</u>	<u>\$ 7,865,139</u>	(5,868,215)
General revenues:				
Property taxes, levied for general purposes				2,577,292
State sources				3,090,349
Investment revenue				44,146
Miscellaneous				156,405
Total general revenue				<u>5,868,192</u>
Change in net assets				(23)
Net assets, beginning of year				<u>5,998,462</u>
Net assets, end of year				<u>\$ 5,998,439</u>

The accompanying notes are an integral part of the financial statements.



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2005

		<u>SPECIAL REVENUE</u>	
	<u>GENERAL FUND</u>	<u>SPECIAL EDUCATION</u>	<u>COMMUNITY SERVICE</u>
<b><u>ASSETS</u></b>			
CURRENT ASSETS:			
Cash & cash equivalents	\$ 1,433,584	\$ 324,059	\$ 257,828
Investments	663,713	696,454	-
Accounts receivable	59,439	13,836	288,802
Due from other funds	318,728	-	-
Due from other governments	229,266	329,743	-
Prepaid expenditures	774	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 2,705,504</u></b>	<b><u>\$ 1,364,092</u></b>	<b><u>\$ 546,630</u></b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>			
LIABILITIES:			
Accounts payable	\$ 34,909	\$ 7,030	\$ 36,675
Accrued salaries & withholdings	47,218	526,047	37,441
Accrued retirement payable	1,245	44,527	2,904
Due to other funds	-	-	318,728
Due to school groups			
Advances			
Deferred revenue	65,125	736	155,995
<b>TOTAL LIABILITIES</b>	<b><u>148,497</u></b>	<b><u>578,340</u></b>	<b><u>551,743</u></b>
FUND BALANCE:			
Unreserved:			
Designated for compensated absences	41,793	132,753	
Designated for unemployment	750,000		
Undesignated	1,765,214	652,999	(5,113)
<b>TOTAL FUND BALANCE</b>	<b><u>2,557,007</u></b>	<b><u>785,752</u></b>	<b><u>(5,113)</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 2,705,504</u></b>	<b><u>\$ 1,364,092</u></b>	<b><u>\$ 546,630</u></b>

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 9,454	\$ 2,024,925
11	1,360,167
-	362,088
-	318,728
-	559,009
-	774
<u>\$ 9,465</u>	<u>\$ 4,625,691</u>

\$ 1	\$ 78,615
5,757	616,463
465	49,141
-	318,728
-	-
-	-
-	221,856
<u>6,223</u>	<u>1,284,803</u>

	174,546
	750,000
<u>3,242</u>	<u>2,416,342</u>
<u>3,242</u>	<u>3,340,888</u>
<u>\$ 9,465</u>	<u>\$ 4,625,691</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Assets  
June 30, 2005

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 3,340,888</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	
The cost of the capital assets is	4,875,942
Accumulated depreciation is	(1,558,131)
Long term liabilities are not due and payable in the current period and are not reported in the funds	
Bonds and notes payable	(464,346)
Compensated absences	(174,546)
Accrued interest is not included as a liability in governmental funds; it is recorded when paid	(47,368)
Balance of taxes receivable at 6/30/05 less allowance for doubtful accounts	<u>26,000</u>
<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 5,998,439</u></u></b>

The accompanying notes are an integral part of the financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2005

		<b>SPECIAL REVENUE</b>	
	<b>GENERAL FUND</b>	<b>SPECIAL EDUCATION</b>	<b>COMMUNITY SERVICE</b>
REVENUES:			
Local sources	\$ 566,622	\$ 2,618,134	\$ 3
State sources	476,466	1,588,616	1,019,955
Federal sources	2,513,051	1,668,042	3,652,827
TOTAL REVENUES	3,556,139	5,874,792	4,672,785
EXPENDITURES:			
Instruction		1,034,848	-
Supporting services	2,693,979	4,560,122	-
Community services		-	4,252,530
Food service activities			
Principal & interest on debt		99,880	-
TOTAL EXPENDITURES	2,693,979	5,694,850	4,252,530
EXCESS OF REVENUES OVER EXPENDITURES	862,160	179,942	420,255
OTHER FINANCING SOURCES (USES):			
Operating transfers in	498,877	101,880	-
Operating transfers out	(101,880)	(94,850)	(434,027)
Transfers from other districts	11,558	12,450	-
Transfer to other districts	(1,164,588)	(336,559)	-
Sale of fixed assets		2,978	
TOTAL OTHER FINANCING SOURCES (USES)	(756,033)	(314,101)	(434,027)
EXCESS OF REVENUES OVER EXPENDITURES & OTHER SOURCES (USES)	106,127	(134,159)	(13,772)
FUND BALANCE - BEGINNING OF YEAR	2,450,880	919,911	8,659
FUND BALANCE - END OF YEAR	\$ 2,557,007	\$ 785,752	\$ (5,113)

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 13,622	\$ 3,198,381
5,312	3,090,349
31,219	7,865,139
50,153	14,153,869
	1,034,848
	7,254,101
	4,252,530
78,893	78,893
	99,880
78,893	12,720,252
(28,740)	1,433,617
30,000	630,757
	(630,757)
	24,008
	(1,501,147)
	2,978
30,000	(1,474,161)
1,260	(40,544)
1,982	3,381,432
\$ 3,242	\$ 3,340,888

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**June 30, 2005**

**Total net change in fund balances--governmental funds** **\$ (40,544)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their useful lives as depreciation:

Depreciation expense	(215,716)
Capital outlay	228,204

Losses on sale of fixed assets are recorded in the statement of activities; in the governmental funds the gross proceeds are recorded:

Difference between book loss and gross proceeds	(6,253)
---	---------

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable at the beginning of the year	38,910
Accrued interest payable at the end of the year	(47,368)

Repayments of principal on long-term debt are expenditures in the governmental funds, but not in the statement of activities (where they are reductions of liabilities):

Principal repayment	90,000
---------------------	--------

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Accrued revenue at the beginning of the year	(24,141)
Accrued revenue at the end of the year	26,000

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued absences at the beginning of the year	125,431
Accrued absences at the end of the year	(174,546)

<b>Change in net assets of governmental activities</b>	<b>\$ (23)</b>
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The accompanying notes are an integral part of the financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2005

	<u>PRIVATE PURPOSE TRUST FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>			
Cash	\$ 27,948	\$ 218,982	\$ 246,930
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 27,948</u></b>	<b><u>\$ 218,982</u></b>	<b><u>\$ 246,930</u></b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Due to other organizations		\$ 218,982	\$ 218,982
Fund Balance:			
Reserved for programs	\$ 27,948	-	27,948
<b><u>TOTAL LIABILITIES AND FUND BALANCE</u></b>	<b><u>\$ 27,948</u></b>	<b><u>\$ 218,982</u></b>	<b><u>\$ 246,930</u></b>

The accompanying notes are an integral part of the financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NONEXPENDABLE TRUST FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

REVENUES:	
Contributions	\$     -
Interest	<u>1,456</u>
TOTAL REVENUES	<u>1,456</u>
EXPENDITURES:	
Scholarship	1,350
Administrative expense	<u>722</u>
TOTAL EXPENDITURES	<u>2,072</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	(616)
FUND BALANCE - JULY 1	<u>28,564</u>
FUND BALANCE - JUNE 30	<u><u>\$ 27,948</u></u>

The accompanying notes are an integral part of the financial statements.



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The basic financial statements of the Lewis Cass Intermediate School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**REPORTING ENTITY:**

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in GASB Statements #14 and #39, nor is the District a component unit of another entity.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has largely been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use, or directly benefit from goods or services by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Aid, certain revenue from the Intermediate School District and other unrestricted items are not included as program revenues but instead as *general revenues*.

The statement of activities reports both the gross and net cost of each of the District's functions. These functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function.

Operating grants include operating-specific and discretionary (either operating or capital) grants.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District utilizes restricted resources to finance their respective, qualifying activities.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, (Continued):**

**Governmental Funds:**

Governmental funds are those funds through which most school district functions are typically financed. The acquisition, use, and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following **major** governmental funds:

The *General Fund* is the District's primary administration fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects). The District's **major** special revenue funds consist of the Special Education and Community Service Funds.

The District reports the following **nonmajor** governmental funds:

The *Special Revenue Funds* that are considered **nonmajor** consist of the School Service Fund.

**Fiduciary Funds:**

Fiduciary funds account for assets held by the district in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the district under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *Private Purpose Trust Fund* is accounted for using the accrual method of accounting. Nonexpendable trust funds account for assets where only the interest may be spent. These funds are not reported on the District's financial statements. The District's trust fund currently holds assets donated to the District.

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:**

**Accrual Method**

The government-wide financial statements (statements of net assets; statements of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION, (Continued):**

**Modified Accrual Method**

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The district considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, interest and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the district and are recognized as revenue at that time.

**State Revenue:**

The State of Michigan utilizes a foundation grant approach that provides for a specific annual amount of revenue per student based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2005, the foundation allowance was based on the pupil membership counts taken in February and September of 2004.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October, 2004 - August, 2005. The unpaid portion at June 30 is reported as due from other governmental units.

The District receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue.

**Federal Revenue:**

Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

**OTHER ACCOUNTING POLICIES:**

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value and determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the districts intend to hold the investment until maturity.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**OTHER ACCOUNTING POLICIES, (Continued):**

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Property Taxes.

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2005, the District levied the following amounts per \$1,000 of assessed valuation:

<b><u>FUND</u></b>	<b><u>MILLS</u></b>
General Fund	.2134
Special Education Fund	2.1365

3. Inventories and Prepaid Items.

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory consists of food products. Inventories for commodities are recorded as revenue when utilized. Reported inventories are equally offset by a fund balance reserve that indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Short-term Interfund Receivables/Payables.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds Balance Sheet.

5. Capital Assets.

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**OTHER ACCOUNTING POLICIES, (Continued):**

5. Capital Assets, (Continued).

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as followed:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's policy is to capitalize individual amounts exceeding \$3,000.

6. Compensated Absences.

Accumulated vacation and sick pay amounts which are expected to be liquidated with expendable available resources (generally sixty days) are recorded in the governmental funds using the modified accrual basis of accounting.

It is the policy of the District to allow for accumulation of unused sick days. Upon separation, accumulated sick days become vested after 10 years of accumulated employment and six months notice. They are payable at one-half of the employees current rate of pay for support staff and then the prevailing per diem substitute salary for administrative and professional staff for a maximum of 180 days.

7. Unemployment Insurance.

The District reimburses the Michigan Employment Security Agency (MESA) for the actual amount of unemployment benefits disbursed by the MESA on behalf of the District. Billings received for amounts paid by the MESA through June 30 are accrued, if material.

8. Deferred Revenues:

The unexpended balance of various federal and/or state categorical grants is carried forward as deferred revenue until the period in which eligible expenditures are incurred. Other monies collected in advance are also deferred.

9. Long-term obligations.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**OTHER ACCOUNTING POLICIES, (Continued):**

10. Use of Estimates.

The process of preparing basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY:**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The District does not maintain a formalized encumbrance accounting system.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual (GAAP basis) - general and special funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Any expenditures in violation of the Budgeting Act are disclosed as unfavorable variances on the combined statement of revenues, expenditures and changes in fund balances - budget and actual (GAAP Basis) - general and special revenue funds.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has been amended; Supplemental appropriations were made during the year with the last one approved prior to June 30.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 3 - CASH AND INVESTMENTS – CREDIT RISK:**

As of June 30, 2005, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard &amp; Poor's Rating</u>	<u>%</u>
MILAF External Investment pool – MIMAX	\$1,360,167	0.0027	AAAm	100%
Total fair value	\$1,360,167			
Portfolio weighted average maturity		0.0027		

1 day maturity equals 0.0027, one year equals 1.00

The district voluntarily invest certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2005, the fair value of the District’s investments is the same as the value of the pool shares.

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District’s cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2005, \$2,229,554 of the District’s bank balance of \$2,529,554 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department of agent, but not in the District’s name.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 3 - CASH AND INVESTMENTS – CREDIT RISK, (Continued):**

The above amounts are reported in the financial statements as follows:

Cash Private Purpose Trust Fund	\$ 27,948
Cash Agency Fund	218,982
Cash – District wide	2,024,925
Investments – District wide	<u>1,360,167</u>
	<b>\$3,632,022</b>

**NOTE 4 - CAPITAL ASSETS:**

The following is a summary of changes in the District's capital assets:

	<b><u>BALANCE</u></b> <b><u>JULY 1, 2004</u></b>	<b><u>ADDITIONS</u></b>	<b><u>DISPOSALS</u></b>	<b><u>BALANCE</u></b> <b><u>JUNE 30, 2005</u></b>
Assets not being depreciated – land	\$ 60,000			\$ 60,000
Depreciable capital assets:				
Buildings & Improvements	3,472,669	\$ 34,367	\$ -	3,507,036
Office & Instructional Equipment	157,802	23,500	-	181,302
Transportation	876,116	170,337	30,900	1,015,553
Other Equipment	<u>112,051</u>	<u>-</u>	<u>-</u>	<u>112,051</u>
Subtotal depreciable capital assets	4,618,638	228,204	30,900	4,815,942
Accumulated depreciation:				
Buildings & Improvements	(884,035)	(64,828)		(948,863)
Office & Instructional Equipment	(88,396)	(26,027)		(114,423)
Transportation	(360,609)	(114,965)	(24,647)	(450,927)
Equipment	<u>(34,022)</u>	<u>(9,896)</u>	<u>-</u>	<u>(43,918)</u>
Total accumulated depreciation	<u>(1,367,062)</u>	<u>(215,716)</u>	<u>(24,647)</u>	<u>(1,558,131)</u>
Net depreciable capital assets:	<u>3,251,576</u>	<u>12,488</u>	<u>6,253</u>	<u>3,257,811</u>
Net Capital Assets	\$3,311,576	\$ 12,488	\$ 6,253	\$3,317,811

Depreciation for the fiscal year ended June 20, 2005 amounted to \$215,716. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 5 - LONG-TERM DEBT:**

**OUTSTANDING DEBT:**

The following is a summary of long-term obligations for the District for the year ended June 30, 2005:

\$740,000 building bonds due in annual installments of \$55,000 to \$95,000 through May 1, 2006, interest at 4.50% to 7.00%.	\$ 95,000
Limited obligation (Durant) bond, due in annual installments of \$38,750 - \$47,563 through May 2013, with interest of 4.76%.	<u>369,346</u>
Total bonded debt	464,346
Accumulated compensated absences	<u>174,546</u>
Total long-term debt	\$638,892

**DEBT SERVICE REQUIREMENTS:**

The annual requirements to amortize long-term debt outstanding as of June 30, 2005 are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$227,395	\$ 64,127	\$291,522
2007	29,309	11,282	40,591
2008	30,712	9,887	40,599
2009	32,175	8,424	40,599
2010	33,705	6,892	40,597
2011-2015	<u>111,050</u>	<u>10,738</u>	<u>121,788</u>
	464,346	\$111,350	575,696
Accumulated Compensated Absences	<u>174,546</u>		<u>174,546</u>
TOTAL	\$638,892		\$750,242

**CHANGES IN LONG-TERM DEBT:**

Following is a summary of long-term debt transactions of the district for the year ended June 30, 2005:

	<u>ACCUMULATED SICK PAY</u>	<u>GENERAL OBLIGATION</u>
Long-term debt – July 1, 2004	\$125,431	\$554,346
Net increase in accumulated compensated absences	53,035	
Deductions:		
Special education bonds paid		(90,000)
Sick pay paid out	(3,920)	
Durant bonds paid	<u>-</u>	<u>-</u>
Total	\$174,546	\$464,346

Total interest expense amounted to \$18,338 for the year ended June 30, 2005.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES:**

The following are the interfund receivables at June 30, 2005:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$318,728	
Special Education Fund		
Community Service Fund	_____	\$318,728
TOTAL	\$318,728	\$318,728

**NOTE 7 - OPERATING LEASES:**

The District has entered into a non-cancelable lease for a Families First office in Benton Harbor, Michigan. The following schedule summarizes the minimum future payments for the years ended June 30:

2006	\$3,000
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**NOTE 8 - RISK MANAGEMENT:**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (worker's compensation) as well as medical benefits provided to employees. The School District has purchased commercial insurance for all claims, except vision and dental; the District is self-insured for vision and dental claims. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

At June 30, 2005, the liability for vision and dental claims that have been incurred through the end of the fiscal year, including both the claims that have been reported as well as those that have not been reported, is insignificant.

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN:**

Plan Description – The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and post-retirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30026, Lansing, Michigan, 48909 or by calling (517) 322-6000.

Funding Policy – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1<sup>st</sup> on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN, (Continued):**

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2005 were 12.99% of payroll through September 30, 2004 and 14.87% effective October 1, 2004. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the years ended June 30, 2005, 2004, and 2003 were \$877,878, \$761,225, and \$683,839 respectively, equal to the required contribution for each year.

The District is not responsible for the payment of retirement benefits that is the responsibility of the State of Michigan.

Other Post-employment Benefits – Under the MPSERS' Act, all retirees have the option of continuing health, dental, and vision coverage.

**NOTE 10 – TRANSFERS**

Transfers were made between funds to supplement program costs. A summary is as follows:

	<b><u>Transfers To</u></b>	<b><u>Transfers From</u></b>
General Fund	\$498,877	\$101,880
Special Education Fund	101,880	94,850
Community Service Fund		434,027
Hot Lunch Fund	<u>30,000</u>	
Total	\$630,757	\$630,757

**NOTE 11 - CONTINGENCY:**

The District has been named as a defendant in a lawsuit initiated by a former employee. The claims asserted are violation of civil rights, violation of the Michigan Whistle Blowers Protection Act and arbitrary & capricious non-renewal of the Plaintiff's employment contract. The case is currently pending in the Federal District Court for the Western District of Michigan. The case is being vigorously defended on behalf of the School District. Attorneys for the School District believe insurance coverage is adequate to cover any potential damages awarded.

## REQUIRED SUPPLEMENTARY INFORMATION

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	\$ 408,910	\$ 568,798	\$ 566,622	\$ (2,176)
State sources	426,971	475,162	476,466	1,304
Federal sources	2,480,721	2,561,877	2,513,051	(48,826)
<b>TOTAL REVENUE</b>	<b>3,316,602</b>	<b>3,605,837</b>	<b>3,556,139</b>	<b>(49,698)</b>
EXPENDITURES:				
Supporting services				
General administration	355,578	338,383	337,245	1,138
Business services	334,743	259,507	276,143	(16,636)
Operation & maintenance	249,214	136,057	135,537	520
Other	1,960,099	2,052,300	1,945,054	107,246
<b>TOTAL EXPENDITURES</b>	<b>2,899,634</b>	<b>2,786,247</b>	<b>2,693,979</b>	<b>92,268</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>416,968</b>	<b>819,590</b>	<b>862,160</b>	<b>42,570</b>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	622,153	511,024	498,877	(12,147)
Transfer from other districts	29,800	9,700	11,558	1,858
Transfers to other funds	(99,880)	(101,880)	(101,880)	-
Transfers to other districts	(1,058,267)	(1,176,098)	(1,164,588)	11,510
Sale of school property				-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(506,194)</b>	<b>(757,254)</b>	<b>(756,033)</b>	<b>1,221</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(89,226)</b>	<b>62,336</b>	<b>106,127</b>	<b>43,791</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>2,450,880</b>	<b>2,450,880</b>	<b>2,450,880</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,361,654</b>	<b>\$ 2,513,216</b>	<b>\$ 2,557,007</b>	<b>\$ 43,791</b>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL EDUCATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	\$ 2,367,276	\$ 2,639,799	\$ 2,618,134	\$ (21,665)
State sources	1,477,750	1,593,654	1,588,616	(5,038)
Federal sources	1,771,830	1,674,744	1,668,042	(6,702)
<b>TOTAL REVENUE</b>	<b>5,616,856</b>	<b>5,908,197</b>	<b>5,874,792</b>	<b>(33,405)</b>
EXPENDITURES:				
Instruction	2,103,342	1,048,654	1,034,848	13,806
Supporting services				
Executive administration	358,038	326,980	322,881	4,099
General administration	92,278	85,944	93,808	(7,864)
Business services	211,370	77,460	84,932	(7,472)
Operation & maintenance	277,039	220,691	213,327	7,364
Other	2,653,726	3,901,966	3,845,174	56,792
Principal & interest on debt	99,880	99,880	99,880	-
<b>TOTAL EXPENDITURES</b>	<b>5,795,673</b>	<b>5,761,575</b>	<b>5,694,850</b>	<b>52,919</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(178,817)</b>	<b>146,622</b>	<b>179,942</b>	<b>33,320</b>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	99,880	101,880	101,880	-
Transfer from other districts	30,000	6,000	12,450	6,450
Transfers to other funds	(99,851)	(96,851)	(94,850)	2,001
Transfers to other districts	(224,500)	(347,000)	(336,559)	10,441
Sale of fixed assets			2,978	2,978
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(194,471)</b>	<b>(335,971)</b>	<b>(314,101)</b>	<b>21,870</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(373,288)</b>	<b>(189,349)</b>	<b>(134,159)</b>	<b>55,190</b>
<b>FUND BALANCE - JULY 1</b>	<b>919,911</b>	<b>919,911</b>	<b>919,911</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 546,623</b>	<b>\$ 730,562</b>	<b>\$ 785,752</b>	<b>\$ 55,190</b>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**COMMUNITY SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	-	-	\$ 3	\$ 3
State sources	\$ -	\$ 12,739	1,019,955	1,007,216
Federal sources	1,207,098	4,712,281	3,652,827	(1,059,454)
<b>TOTAL REVENUE</b>	<b>1,207,098</b>	<b>4,725,020</b>	<b>4,672,785</b>	<b>(52,235)</b>
EXPENDITURES:				
Community services:				
Food Stamp	48,180	125,879	133,680	(7,801)
Welfare Reform	730,451	2,315,934	2,325,460	(9,526)
Employment Services		556,162	522,651	33,511
WIA		437,824	375,965	61,859
PAL		10,238	14,443	(4,205)
Statewide Activity		9,068	9,787	(719)
BH Youth Activity	198,578	240,329	271,524	(31,195)
WF Three Rivers	229,889	595,671	599,020	(3,349)
<b>TOTAL EXPENDITURES</b>	<b>1,207,098</b>	<b>4,291,105</b>	<b>4,252,530</b>	<b>38,575</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>433,915</b>	<b>420,255</b>	<b>(13,660)</b>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds				-
Transfer from other districts				-
Transfers to other funds	-	(431,367)	(434,027)	(2,660)
Transfers to other districts	-	-	-	-
Sale of school property				-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(431,367)</b>	<b>(434,027)</b>	<b>(2,660)</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>2,548</b>	<b>(13,772)</b>	<b>(16,320)</b>
<b>FUND BALANCE - JULY 1</b>	<b>8,659</b>	<b>8,659</b>	<b>8,659</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 8,659</b>	<b>\$ 11,207</b>	<b>\$ (5,113)</b>	<b>\$ (16,320)</b>

## ADDITIONAL INFORMATION



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
June 30, 2005

	<b><u>SCHOOL SERVICE FUND</u></b>
<b><u>ASSETS</u></b>	
Cash & cash equivalent	\$ 9,454
Accounts receivable	<u>11</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,465</u></b>
 <b><u>LIABILITIES &amp; FUND BALANCE</u></b>	
LIABILITIES:	
Accounts payable	\$ 1
Accrued salaries & withholdings	5,757
Accrued retirement payable	<u>465</u>
<b>TOTAL LIABILITIES</b>	<b><u>6,223</u></b>
FUND BALANCES	
Undesignated	<u>3,242</u>
<b>TOTAL FUND BALANCE</b>	<b><u>3,242</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 9,465</u></b>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b><u>SCHOOL SERVICE FUND</u></b>
REVENUE:	
Local sources	\$ 13,622
State sources	5,312
Federal sources	31,219
TOTAL REVENUE	<u>50,153</u>
EXPENDITURES:	
Food services	<u>78,893</u>
TOTAL EXPENDITURES	<u>78,893</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	<u>(28,740)</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers in - other funds	<u>30,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,000</u>
EXCESS (DEFICIT) OF REVENUE & OTHER SOURCES OVER EXPENDITURES & OTHER USES	1,260
FUND BALANCE - Beginning of Year	<u>1,982</u>
FUND BALANCE - End of Year	<u><u>\$ 3,242</u></u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF REVENUE - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>LOCAL SOURCES</b>			
Current property tax	\$ 235,407	\$ 233,821	\$ (1,586)
Miscellaneous revenue			
Penalties & interest on delinquent taxes	41	41	-
Miscellaneous taxes	2,207	2,207	-
Earnings on investments & deposits	30,000	28,687	(1,313)
Other revenues			
Contracted transportation	66,326	66,327	1
Rent	85,100	85,079	(21)
Miscellaneous	149,717	150,460	743
Welfare Reform Reimbursement	-	-	-
<b>TOTAL LOCAL SOURCES</b>	<u>568,798</u>	<u>566,622</u>	<u>(2,176)</u>
<b>STATE SOURCES</b>			
General	374,098	374,098	-
State restricted other	57,813	57,813	-
Gifted and talented	1,001	1,001	-
Great Parents	17,265	14,848	(2,417)
Vocational Education	24,985	28,706	3,721
<b>TOTAL STATE SOURCES</b>	<u>475,162</u>	<u>476,466</u>	<u>1,304</u>
<b>FEDERAL SOURCES</b>			
Safe Schools	1,060,593	1,048,706	(11,887)
Families First	433,274	422,074	(11,200)
Medicaid Administrative Outreach	80,414	80,414	-
Perkins	729,337	729,337	-
Family Reunification	205,290	192,610	(12,680)
Tech Prep	22,335	22,335	-
Other	30,634	17,575	(13,059)
<b>TOTAL FEDERAL SOURCES</b>	<u>2,561,877</u>	<u>2,513,051</u>	<u>(48,826)</u>
<b>OTHER FINANCING SOURCES</b>			
Incoming transfer - Other districts	9,700	11,558	1,858
Incoming transfer - Other funds	511,024	498,877	(12,147)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>520,724</u>	<u>510,435</u>	<u>(10,289)</u>
<b>TOTAL REVENUE &amp; OTHER SOURCES</b>	<u>\$ 4,126,561</u>	<u>\$ 4,066,574</u>	<u>\$ (59,987)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>SUPPORTING SERVICES:</b>			
Perkins Grant:			
Professional salaries	\$27,271	\$27,271	\$ -
Non-Professional salaries	45,196	45,444	(248)
Insurance benefits	34,964	34,875	89
FICA	16,278	15,835	443
Purchased services	6,320	6,603	(283)
Supplies	2,500	2,500	-
<b>Total Perkins Grant</b>	<u>132,529</u>	<u>132,528</u>	<u>1</u>
Improvement Instruction:			
Title II & V	3,583	4,060	(477)
Great Parents Great Start:			
Professional salaries	9,968	9,919	49
FICA	2,089	2,186	(97)
Purchased services	4,409	3,209	1,200
Supplies	799	845	(46)
<b>Total Improvement Instruction</b>	<u>20,848</u>	<u>20,219</u>	<u>629</u>
School Improvement			
Purchased services	4,000	2,555	1,445
<b>Total School Improvement</b>	<u>4,000</u>	<u>2,555</u>	<u>1,445</u>
Technology			
Nonprofessional salaries	11,700	11,675	25
Insurance benefits	238	234	4
FICA	2,455	2,410	45
Purchased services	48,500	24,424	24,076
Supplies	39,150	34,089	5,061
Capital Outlay	-	23,500	(23,500)
<b>Total Technology</b>	<u>102,043</u>	<u>96,332</u>	<u>5,711</u>
Other Education Media Services			
Purchased services	533	533	-
General Administration:			
Professional salaries	100,318	100,232	86
Non-Professional salaries	32,833	32,833	-
Insurance & other employee benefits	73,127	73,117	10
FICA	33,305	33,316	(11)
Purchased services	83,800	84,711	(911)
Supplies	5,500	4,353	1,147
Capital Outlay	1,500	1,490	10
Other	8,000	7,193	807
<b>Total General Administration</b>	<u>338,383</u>	<u>337,245</u>	<u>1,138</u>
Other Pupil Services:			
Professional salaries	11,000	10,146	854
Insurance benefits	3,800	2,888	912
FICA	2,190	2,215	(25)
<b>Total Other Pupil Services</b>	<u>16,990</u>	<u>15,249</u>	<u>1,741</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Operation & Maintenance:			
Professional salaries	\$ 6,766	\$ 6,767	\$ (1)
Non-Professional salaries	17,295	17,288	7
Insurance benefits	8,651	8,651	-
FICA	6,182	6,087	95
Purchased services	27,350	27,010	340
Supplies	12,000	11,921	79
Capital Outlay - including Durant	57,813	57,813	-
Other	-	-	-
Total Operation & Maintenance	<u>136,057</u>	<u>135,537</u>	<u>520</u>
Business Services:			
Professional salaries	73,570	73,522	48
Non-Professional salaries	50,000	49,747	253
Insurance benefits	23,950	23,647	303
FICA & unemployment	27,937	49,823	(21,886)
Purchased services	60,800	60,000	800
Supplies	17,000	17,490	(490)
Capital Outlay	-	-	-
Other	6,250	1,914	4,336
Total Business Services	<u>259,507</u>	<u>276,143</u>	<u>(16,636)</u>
Central Services:			
Non-Professional salaries	6,115	6,115	-
Insurance benefits	3,400	3,373	27
FICA	1,345	1,344	1
Purchased services	3,350	3,150	200
Supplies	3,500	3,412	88
Total Central Services	<u>17,710</u>	<u>17,394</u>	<u>316</u>
Zero - Five Program			
Professional salaries	8,613	8,907	(294)
Non-Professional salaries	-	-	-
Insurance benefits	-	-	-
FICA	1,880	1,942	(62)
Purchased services	7,600	7,348	252
Supplies	4,600	4,621	(21)
Total Zero - Five Program	<u>22,693</u>	<u>22,818</u>	<u>(125)</u>
Adoption Support:			
Professional salaries	946	1,015	(69)
Non-Professional salaries	312	299	13
FICA	283	296	(13)
Insurance benefits	-	-	-
Purchased services	510	20	490
Total Adoption Support	<u>2,051</u>	<u>1,630</u>	<u>421</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Tech Prep:			
Professional salaries	\$ 5,919	\$ 5,919	\$ -
Non-Professional salaries	1,110	1,110	-
Insurance benefits	3,773	3,767	6
FICA	1,576	1,582	(6)
Purchased services	7,347	7,347	-
Supplies	2,610	2,610	-
Total Tech Prep	<u>22,335</u>	<u>22,335</u>	<u>-</u>
Statewide Activity:			
Non-Professional salaries	4,172	2,527	1,645
FICA	-	193	(193)
Supplies	157	1,609	(1,452)
Purchased services	-	-	-
Total Statewide Activity	<u>4,329</u>	<u>4,329</u>	<u>-</u>
Vocational Education Dept. Management:			
Professional salaries	32,929	33,383	(454)
Insurance benefits	7,000	5,954	1,046
FICA	7,330	7,429	(99)
Purchased services	1,400	1,777	(377)
Supplies	-	-	-
Total Vocational Education Dept. Management	<u>48,659</u>	<u>48,543</u>	<u>116</u>
Curriculum			
Professional salaries	109,084	109,084	-
FICA	21,838	21,289	549
Purchased services	74,947	65,842	9,105
Supplies	1,750	1,238	512
Other	500	404	96
Total Curriculum	<u>208,119</u>	<u>197,857</u>	<u>10,262</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Safe Schools:			
Professional salaries	\$ 202,696	\$ 198,339	\$ 4,357
Non-Professional salaries	64,506	61,039	3,467
Insurance benefits	77,924	94,016	(16,092)
FICA	63,193	55,278	7,915
Purchased services	125,592	115,641	9,951
Supplies	1,137	1,625	(488)
Miscellaneous	33,961	-	33,961
Total Safe Schools	<u>569,009</u>	<u>525,938</u>	<u>43,071</u>
Families First:			
Professional salaries	299,597	299,433	164
Non-Professional salaries	30,645	30,645	-
Insurance benefits	125,016	124,968	48
FICA	73,084	68,394	4,690
Purchased services	92,422	80,468	11,954
Supplies	5,329	4,063	1,266
Miscellaneous	6,293	-	6,293
Total Families First	<u>632,386</u>	<u>607,971</u>	<u>24,415</u>
WIA:			
Professional salaries	66,374	67,804	(1,430)
Non-Professional salaries	22,026	19,710	2,316
Insurance benefits	30,692	24,240	6,452
FICA	23,710	23,699	11
Purchased services	16,330	12,415	3,915
Supplies	7,715	4,764	2,951
Total WIA	<u>166,847</u>	<u>152,632</u>	<u>14,215</u>
Contracted Transportation:			
Non-Professional salaries	54,514	50,858	3,656
FICA	14,630	13,764	866
Purchased services	5,875	5,479	396
Supplies	6,200	6,090	110
Capital outlay	-	-	-
Total Contracted Transportation	<u>81,219</u>	<u>76,191</u>	<u>5,028</u>
TOTAL EXPENDITURES	<u>2,786,247</u>	<u>2,693,979</u>	<u>92,268</u>
OTHER USES - OPERATING TRANSFERS			
Outgoing transfers - other funds	101,880	101,880	-
Operating transfers - other districts	1,176,098	1,164,588	11,510
TOTAL OTHER USES & TRANSFERS	1,277,978	1,266,468	103,778
TOTAL EXPENDITURES & OTHER FINANCING USES	<u>\$4,064,225</u>	<u>\$3,960,447</u>	<u>\$ 103,778</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2005**

	<u>SPECIAL EDUCATION</u>	<u>COMMUNITY SERVICE</u>	<u>SCHOOL SERVICE</u>	<u>COMBINED SPECIAL REVENUE FUNDS</u>
<b><u>ASSETS</u></b>				
Cash & cash equivalent	\$ 324,059	\$ 257,828	\$ 9,454	\$ 591,341
Investment	696,454			696,454
Accounts receivable	13,836	288,802	11	302,649
Due from other funds	-			-
Due from other governments	329,743			
Prepaid expenditures	-			-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 1,364,092</u></b>	<b><u>\$ 546,630</u></b>	<b><u>\$ 9,465</u></b>	<b><u>\$ 1,920,187</u></b>
 <b><u>LIABILITIES &amp; FUND BALANCE</u></b>				
LIABILITIES:				
Accounts payable	\$ 7,030	\$ 36,675	\$ 1	\$ 43,706
Accrued salaries & withholdings	526,047	37,441	5,757	569,245
Accrued retirement payable	44,527	2,904	465	47,896
Due to other funds	-	318,728		318,728
Advances				-
Deferred revenue	736	155,995	-	156,731
<b><u>TOTAL LIABILITIES</u></b>	<b><u>578,340</u></b>	<b><u>551,743</u></b>	<b><u>6,223</u></b>	<b><u>1,136,306</u></b>
FUND BALANCES				
Designated for compensated absences	132,753			132,753
Undesignated	652,999	(5,113)	3,242	651,128
<b><u>TOTAL FUND BALANCE</u></b>	<b><u>785,752</u></b>	<b><u>(5,113)</u></b>	<b><u>3,242</u></b>	<b><u>783,881</u></b>
<b><u>TOTAL LIABILITIES &amp; FUND BALANCE</u></b>	<b><u>\$ 1,364,092</u></b>	<b><u>\$ 546,630</u></b>	<b><u>\$ 9,465</u></b>	<b><u>\$ 1,920,187</u></b>



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b><u>SPECIAL EDUCATION</u></b>	<b><u>COMMUNITY SERVICE</u></b>	<b><u>SCHOOL SERVICE</u></b>	<b><u>COMBINED SPECIAL REVENUE FUNDS</u></b>
REVENUE:				
Local sources	\$ 2,618,134	\$ 3	\$ 13,622	\$ 2,631,759
State sources	1,588,616	1,019,955	5,312	2,613,883
Federal sources	1,668,042	3,652,827	31,219	5,352,088
Sale of fixed assets	<u>2,978</u>	<u>-</u>	<u>-</u>	<u>2,978</u>
TOTAL REVENUE	<u>5,877,770</u>	<u>4,672,785</u>	<u>50,153</u>	<u>10,600,708</u>
EXPENDITURES:				
Instruction	1,034,848	-	-	1,034,848
Supporting services	4,560,122	-	78,893	4,639,015
Community services	-	4,252,530	-	4,252,530
Outgoing transfers LEA operations	336,559	-	-	336,559
Principal & interest on debt	<u>99,880</u>	<u>-</u>	<u>-</u>	<u>99,880</u>
TOTAL EXPENDITURES	<u>6,031,409</u>	<u>4,252,530</u>	<u>78,893</u>	<u>10,362,832</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in - other districts	12,450	-	-	12,450
Operating transfers in - other funds	101,880	-	30,000	131,880
Operating transfers out - other funds	<u>(94,850)</u>	<u>(434,027)</u>	<u>-</u>	<u>(528,877)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,480</u>	<u>(434,027)</u>	<u>30,000</u>	<u>(384,547)</u>
EXCESS (DEFICIT) OF REVENUE & OTHER SOURCES OVER EXPENDITURES & OTHER USES	(134,159)	(13,772)	1,260	(146,671)
FUND BALANCE - Beginning of Year	<u>919,911</u>	<u>8,659</u>	<u>1,982</u>	<u>930,552</u>
FUND BALANCE - End of Year	<u>\$ 785,752</u>	<u>\$ (5,113)</u>	<u>\$ 3,242</u>	<u>\$ 783,881</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF REVENUE - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>LOCAL SOURCES</b>			
Current Property Tax	\$ 2,356,859	\$ 2,341,613	\$ (15,246)
Miscellaneous Revenue			
Penalties & interest on delinquent taxes	420	416	(4)
Earnings on investments & deposits	15,000	15,350	350
Medicaid School Based Services	255,000	254,203	(797)
Hearing Impaired	-	-	-
Miscellaneous	12,520	6,552	(5,968)
<b>TOTAL LOCAL SOURCES</b>	<u>2,639,799</u>	<u>2,618,134</u>	<u>(21,665)</u>
<b>STATE SOURCES</b>			
Special education	1,539,320	1,539,320	-
Early on program	854	854	-
Mich. Rehab. Expansion grant	12,924	13,656	732
Wraparound Program	40,556	34,786	(5,770)
<b>TOTAL STATE SOURCES</b>	<u>1,593,654</u>	<u>1,588,616</u>	<u>(5,038)</u>
<b>FEDERAL SOURCES</b>			
IDEA Flowthrough	1,297,651	1,294,133	(3,518)
IDEA Preschool Incentive	52,524	52,524	-
Infant & Toddler Formula Grants	122,590	121,404	(1,186)
Medicaid Transportation Services	22,000	20,882	(1,118)
State Initiated	35,000	35,000	-
Transition Specialist	60,000	60,000	-
Capacity Building	15,074	15,074	-
Professional Development	-	-	-
Wraparound Program	59,919	59,839	(80)
Respite Care	9,986	9,186	(800)
<b>TOTAL FEDERAL SOURCES</b>	<u>1,674,744</u>	<u>1,668,042</u>	<u>(6,702)</u>
<b>OTHER FINANCING SOURCES</b>			
Incoming transfer - Other districts	6,000	12,450	6,450
Incoming transfer - Other funds	101,880	101,880	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>107,880</u>	<u>114,330</u>	<u>6,450</u>
<b>SALE OF FIXED ASSETS</b>	<u>100</u>	<u>2,978</u>	<u>2,878</u>
<b>TOTAL REVENUE &amp; OTHER SOURCES</b>	<u>\$ 6,016,177</u>	<u>\$ 5,992,100</u>	<u>\$ (24,077)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Preschool:			
Professional salaries	\$ 61,260	\$ 61,056	\$ 204
Non-Professional salaries	950	982	(32)
Insurance benefits	19,260	19,296	(36)
FICA	13,600	13,548	52
Purchased services	230	266	(36)
Supplies	2,500	2,085	415
Other	-	-	-
Total Preschool	<u>97,800</u>	<u>97,233</u>	<u>567</u>
Trainable Mentally Impaired:			
Professional salaries	99,883	99,883	-
Non-Professional salaries	19,730	19,812	(82)
Insurance benefits	37,870	37,973	(103)
FICA	26,815	26,802	13
Purchased services	11,000	10,552	448
Supplies	19,400	18,270	1,130
Total Trainable Mentally Impaired	<u>214,698</u>	<u>213,292</u>	<u>1,406</u>
Severally Mentally Impaired:			
Professional salaries	103,870	103,868	2
Non-Professional salaries	18,900	18,626	274
Insurance benefits	20,650	20,646	4
FICA	20,215	20,877	(662)
Purchased services	180	146	34
Supplies	1,000	943	57
Total Severally Mentally Impaired	<u>164,815</u>	<u>165,106</u>	<u>(291)</u>
Educable Mentally Impaired:			
Professional salaries	72,074	72,074	-
Non-Professional salaries	600	640	(40)
Insurance benefits	23,350	23,390	(40)
FICA	16,367	16,176	191
Purchased services	49,060	48,126	934
Supplies	4,200	4,176	24
Total Educable Mentally Impaired	<u>165,651</u>	<u>164,582</u>	<u>1,069</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Severally Emotionally Impaired:			
Professional salaries	\$ 119,055	\$ 119,055	\$ -
Non-Professional salaries	700	760	(60)
Insurance benefits	37,440	37,527	(87)
FICA	26,590	26,633	(43)
Purchased services	1,360	1,425	(65)
Supplies	3,000	2,815	185
Total Severally Emotionally Impaired	<u>188,145</u>	<u>188,215</u>	<u>(70)</u>
Hearing Impaired:			
Professional salaries	39,870	39,126	744
Non-Professional salaries	53,130	53,090	40
Insurance benefits	29,700	29,709	(9)
FICA	20,400	19,988	412
Purchased services	12,300	2,682	9,618
Supplies	2,000	1,799	201
Total Hearing Impaired	<u>157,400</u>	<u>146,394</u>	<u>11,006</u>
Preschool Infant:			
Professional salaries	39,065	39,171	(106)
Insurance benefits	9,250	9,263	(13)
FICA	8,660	8,692	(32)
Purchased services	1,420	1,223	197
Supplies	1,750	1,677	73
Miscellaneous	-	-	-
Total Preschool Infant	<u>60,145</u>	<u>60,026</u>	<u>119</u>
<b>TOTAL INSTRUCTION</b>	<u>1,048,654</u>	<u>1,034,848</u>	<u>13,806</u>
SUPPORTING SERVICES:			
Capacity Building:			
Professional salaries	-	-	-
FICA	-	-	-
Purchased services	15,074	15,074	-
Supplies	-	-	-
Total Capacity Building	<u>15,074</u>	<u>15,074</u>	<u>-</u>
Wraparound:			
Professional salaries	4,322	4,322	-
Non-Professional salaries	-	-	-
Insurance benefits	-	-	-
FICA	954	954	-
Purchased services	33,780	33,335	445
Supplies	1,500	1,382	118
Total Wraparound	<u>40,556</u>	<u>39,993</u>	<u>563</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Professional Development:			
Purchased services	\$ -	\$ -	\$ -
Supplies	400	400	-
Total Professional Development	400	400	-
State Initiated:			
Professional salaries	18,471	19,083	(612)
Insurance benefits	3,561	3,800	(239)
FICA	4,197	4,270	(73)
Purchased services	-	-	-
Supplies	7,984	7,060	924
Other	787	-	787
Total State Initiated	35,000	34,213	787
Health Services:			
Professional salaries	46,000	45,746	254
Insurance benefits	12,900	12,602	298
FICA	10,520	10,041	479
Purchased services	2,265	2,281	(16)
Supplies	500	308	192
Other	140	140	-
Total Health Services	72,325	71,118	1,207
Strong Families and Safe Children			
Professional salaries	36,436	37,261	(825)
Non-Professional salaries	-	-	-
Insurance benefits	7,665	6,648	1,017
FICA	8,018	8,211	(193)
Purchased services	7,800	7,722	78
Total Strong Families and Safe Children	59,919	59,842	77
Social Worker:			
Professional salaries	50,107	50,106	1
Insurance benefits	12,900	12,934	(34)
FICA	11,160	11,149	11
Purchased services	5,610	5,437	173
Total Social Worker	79,777	79,626	151

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Psychological Services:			
Professional salaries	\$ 68,000	\$ 65,356	\$ 2,644
Insurance benefits	13,200	13,188	12
FICA	12,870	11,872	998
Purchased services	2,345	2,591	(246)
Supplies	7,200	7,135	65
Total Psychological Services	<u>103,615</u>	<u>100,142</u>	<u>3,473</u>
Speech & Language Impaired:			
Professional salaries	85,842	85,514	328
Insurance benefits	9,700	9,704	(4)
FICA	11,350	10,827	523
Purchased services	22,675	23,150	(475)
Supplies	1,000	865	135
Total Speech & Language Impaired	<u>130,567</u>	<u>130,060</u>	<u>507</u>
Occupational & Physical Therapy:			
Professional salaries	140,070	140,352	(282)
Insurance benefits	26,550	26,580	(30)
FICA	31,150	30,701	449
Purchased services	15,760	15,990	(230)
Supplies	1,000	1,041	(41)
Total Occupational & Physical Therapy	<u>214,530</u>	<u>214,664</u>	<u>(134)</u>
IDEA Flowthrough:			
Professional salaries	201,563	203,977	(2,414)
Non-Professional salaries	428,113	430,192	(2,079)
Insurance benefits	337,126	337,361	(235)
FICA	137,856	136,161	1,695
Purchased services	76,475	70,545	5,930
Supplies	-	56	(56)
Other	27,187	-	27,187
Total IDEA Flowthrough	<u>1,208,320</u>	<u>1,178,292</u>	<u>30,028</u>
IDEA Flowthrough Carryover:			
Professional salaries	41,393	41,395	(2)
Non-Professional salaries	16,393	16,905	(512)
Insurance benefits	17,184	16,756	428
FICA	13,055	12,901	154
Purchased services	-	-	-
Supplies	-	-	-
Other	1,306	-	1,306
Total IDEA Flowthrough Carryover	<u>89,331</u>	<u>87,957</u>	<u>1,374</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Early On:			
Purchased services	\$ 854	\$ 854	\$ -
Total Early On	<u>854</u>	<u>854</u>	<u>-</u>
PL94-142 Preschool Incentive			
Professional salaries	14,818	14,793	25
Non-Professional salaries	15,184	15,185	
Insurance benefits	15,848	15,880	(32)
FICA	6,674	6,665	9
Purchased services	-	-	-
Supplies	-	-	-
Other	-	-	-
Total PL94-142 Preschool Incentive	<u>52,524</u>	<u>52,523</u>	<u>1</u>
Infant Toddler Formula:			
Professional salaries	53,614	53,614	-
Non-Professional salaries	12,322	12,322	-
Insurance benefits	26,081	26,081	-
FICA	14,614	14,488	126
Purchased services	10,401	8,677	1,724
Supplies	3,000	3,720	(720)
Other	2,328	-	2,328
Total Infant Toddler Formula	<u>122,360</u>	<u>118,902</u>	<u>3,458</u>
Respite Flex:			
Supplies	-	-	-
Total Respite Flex	<u>-</u>	<u>-</u>	<u>-</u>
Michigan Rehabilitation:			
Non-Professional salaries	7,200	7,884	(684)
FICA	1,536	1,654	(118)
Purchased services	4,188	4,118	70
Total Michigan Rehabilitation	<u>12,924</u>	<u>13,656</u>	<u>(732)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
**June 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Transition Specialist:			
Professional salaries	\$ 22,639	\$ 22,639	\$ -
Non-Professional salaries	11,835	13,169	(1,334)
Insurance benefits	2,262	2,262	-
FICA	7,764	7,677	87
Purchased services	8,000	7,286	714
Supplies	2,068	3,201	(1,133)
Miscellaneous	5,432	2,415	3,017
Total Transition Specialist	<u>60,000</u>	<u>58,649</u>	<u>1,351</u>
Respite Care:			
Professional salaries	931	930	1
Insurance benefits	963	963	-
FICA	203	203	-
Purchased services	7,889	7,091	798
Total Respite Care	<u>9,986</u>	<u>9,187</u>	<u>799</u>
Special Education Administration:			
Professional salaries	147,980	148,651	(671)
Non-Professional salaries	53,000	52,794	206
Insurance benefits	52,000	51,694	306
FICA	45,000	44,909	91
Other Benefits	3,500	3,482	18
Purchased services	18,000	15,649	2,351
Supplies	5,500	3,956	1,544
Capital outlay	-	-	-
Other	2,000	1,746	254
Total Special Education Administration	<u>326,980</u>	<u>322,881</u>	<u>4,099</u>
General Administration:			
Professional salaries	32,750	32,747	3
Non-Professional salaries	24,769	24,769	-
Insurance benefits	8,600	8,569	31
FICA	11,525	11,459	66
Purchased services	7,800	15,711	(7,911)
Supplies	500	553	(53)
Total General Administration	<u>85,944</u>	<u>93,808</u>	<u>(7,864)</u>



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
School Administration:			
Non-Professional salaries	\$ 1,100	\$ 1,132	\$ (32)
FICA	235	255	(20)
Purchased services	5,000	3,269	1,731
Supplies	15,500	14,644	856
Total School Administration	<u>21,835</u>	<u>19,300</u>	<u>2,535</u>
Central Services:			
Non-Professional salaries	3,200	2,985	215
FICA	720	672	48
Purchased services	15,000	14,028	972
Supplies	2,000	1,759	241
Total Central Services	<u>20,920</u>	<u>19,444</u>	<u>1,476</u>
Business Services:			
Professional salaries	44,300	44,272	28
Insurance benefits	7,560	7,824	(264)
FICA	8,550	17,786	(9,236)
Purchased services	16,650	14,805	1,845
Supplies	250	245	5
Other	150	-	150
Total Business Services	<u>77,460</u>	<u>84,932</u>	<u>(7,472)</u>
Operation and Maintenance:			
Professional salaries	27,066	27,066	-
Non-Professional salaries	47,400	46,244	1,156
Insurance benefits	22,700	22,688	12
FICA	17,875	17,509	366
Purchased services	32,150	32,684	(534)
Supplies	64,500	63,151	1,349
Capital Outlay	9,000	3,985	5,015
Total Operation and Maintenance	<u>220,691</u>	<u>213,327</u>	<u>7,364</u>
Technology:			
Non-Professional salaries	15,611	15,567	44
Insurance benefits	336	312	24
FICA	3,359	3,214	145
Total Technology	<u>19,306</u>	<u>19,093</u>	<u>213</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
**June 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Other Pupil Services			
Professional salaries	\$ 11,104	\$ 11,632	\$ (528)
Insurance benefits	3,800	3,776	24
FICA	2,510	2,549	(39)
Purchased services	1,000	57	943
Supplies	-	-	-
Total Other Pupil Services	<u>18,414</u>	<u>18,014</u>	<u>400</u>
Transportation:			
Professional salaries	33,833	33,833	-
Non-Professional salaries	692,350	695,544	(3,194)
Insurance benefits	274,000	271,310	2,690
FICA	163,478	162,908	570
Purchased services	82,000	55,852	26,148
Supplies	145,000	135,972	9,028
Capital Outlay	122,468	148,537	(26,069)
Other	300	215	85
Total Transportation	<u>1,513,429</u>	<u>1,504,171</u>	<u>9,258</u>
TOTAL SUPPORTING SERVICES	<u>4,613,041</u>	<u>4,560,122</u>	<u>52,919</u>
OTHER USES - OPERATING TRANSFERS			
Outgoing Transfer:			
Other districts for service	296,230	289,912	6,318
Michigan rehab	21,000	21,000	-
MedBill	30,000	25,647	4,353
Total Transfers Out	<u>347,230</u>	<u>336,559</u>	<u>10,671</u>
TOTAL EXPENDITURES	<u>6,008,925</u>	<u>5,931,529</u>	<u>77,396</u>
Operating transfers - School Service	<u>96,851</u>	<u>94,850</u>	<u>2,001</u>
Debt Repayment:			
Principal	85,750	85,750	-
Interest	14,130	14,130	-
Total Principal and Interest	<u>99,880</u>	<u>99,880</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,205,656</u>	<u>\$ 6,126,259</u>	<u>\$ 79,397</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF REVENUE - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
LOCAL SOURCES			
Miscellaneous	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
TOTAL LOCAL SOURCES	<u>-</u>	<u>3</u>	<u>3</u>
STATE SOURCES			
Work First	-	1,007,216	1,007,216
PAL	<u>12,739</u>	<u>12,739</u>	<u>-</u>
TOTAL STATE SOURCES	<u>12,739</u>	<u>1,019,955</u>	<u>1,007,216</u>
FEDERAL SOURCES			
Food Stamp	134,396	142,453	8,057
Re-Employment Services	31,583	31,583	-
Youth Works	257,739	230,707	(27,032)
Work First	2,461,656	1,632,715	(828,941)
Employment Services	550,300	523,996	(26,304)
Statewide Activity	13,568	14,383	815
WIA	625,539	554,756	(70,783)
Other Federal Revenue	<u>637,500</u>	<u>522,234</u>	<u>(115,266)</u>
TOTAL FEDERAL SOURCES	<u>4,712,281</u>	<u>3,652,827</u>	<u>(1,059,454)</u>
TOTAL REVENUES	<u>\$ 4,725,020</u>	<u>\$ 4,672,785</u>	<u>\$ (52,235)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2005

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
Food Stamp:			
Professional salaries	\$ 92,661	\$ 95,679	\$ (3,018)
Insurance benefits	11,012	11,200	(188)
FICA	15,064	19,333	(4,269)
Purchased services	5,798	6,420	(622)
Supplies	1,344	1,048	296
Other	-	-	-
Total Food Stamp	<u>125,879</u>	<u>133,680</u>	<u>(7,801)</u>
Work First:			
Professional salaries	1,174,823	1,163,402	11,421
Insurance benefits	155,829	155,632	197
FICA	241,380	238,636	2,744
Purchased services	580,687	604,807	(24,120)
Supplies	163,215	162,983	232
Total Work First	<u>2,315,934</u>	<u>2,325,460</u>	<u>(9,526)</u>
Employment Services:			
Professional salaries	381,242	366,079	15,163
Insurance benefits	54,792	51,809	2,983
FICA	84,626	80,082	4,544
Purchased services	23,719	23,102	617
Supplies	11,783	1,579	10,204
Other	-	-	-
Total Employment Services	<u>556,162</u>	<u>522,651</u>	<u>33,511</u>
WIA:			
Professional salaries	227,947	214,918	13,029
Non-Professional salaries	67,523	46,919	20,604
Insurance benefits	28,989	25,739	3,250
FICA	55,873	50,213	5,660
Purchased services	51,697	34,923	16,774
Supplies	5,795	3,253	2,542
Other	-	-	-
Total WIA	<u>437,824</u>	<u>375,965</u>	<u>61,859</u>
PAL:			
Professional salaries	-	-	-
Insurance benefits	-	-	-
FICA	-	-	-
Purchased services	-	-	-
Supplies	47	-	47
Other	10,191	14,443	(4,252)
Total PAL	<u>10,238</u>	<u>14,443</u>	<u>(4,205)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Statewide Activity:			
Non-Professional salaries	\$ 7,575	\$ 8,408	\$ (833)
FICA	648	643	5
Purchased services	31	330	(299)
Supplies	814	406	408
Other	-	-	-
Total Statewide Activity	<u>9,068</u>	<u>9,787</u>	<u>(719)</u>
BH Youth Activity:			
Professional salaries	48,095	32,829	15,266
Non-Professional salaries	126,624	126,624	-
Youth salaries	-	-	-
FICA	19,944	16,490	3,454
Purchased services	25,781	77,898	(52,117)
Supplies	7,885	5,683	2,202
Other	12,000	12,000	-
Total BH Youth Activity	<u>240,329</u>	<u>271,524</u>	<u>(31,195)</u>
WF Three Rivers:			
Professional salaries	220,334	221,501	(1,167)
Insurance benefits	25,709	26,355	(646)
FICA	46,680	47,806	(1,126)
Purchased services	194,924	191,110	3,814
Supplies	108,024	112,248	(4,224)
Other	-	-	-
Total WF Three Rivers	<u>595,671</u>	<u>599,020</u>	<u>(3,349)</u>
 TOTAL EXPENDITURES	 <u>4,291,105</u>	 <u>4,252,530</u>	 <u>38,575</u>
OTHER USES - OPERATING TRANSFERS			
Operating transfers-Other funds	431,367	434,027	(2,660)
Operating transfers-Other districts	-	-	-
TOTAL EXPENDITURES & OTHER FINANCING USES	<u>\$ 4,722,472</u>	<u>\$ 4,686,557</u>	<u>\$ 35,915</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SCHOOL SERVICE FUND**  
**SCHEDULE OF REVENUES & EXPENDITURES -**  
**BUDGET & ACTUAL**  
June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
LOCAL SOURCES			
Breakfast/Lunch	\$ 13,448	\$ 13,513	\$ 65
Sale of fixed assets	-	-	-
Earnings on investments	100	109	9
TOTAL LOCAL SOURCES	<u>13,548</u>	<u>13,622</u>	<u>74</u>
STATE SOURCES			
State restricted	<u>5,312</u>	<u>5,312</u>	<u>-</u>
FEDERAL SOURCES			
Federal restricted	27,000	27,085	85
Commodity revenue	-	4,134	4,134
TOTAL FEDERAL SOURCES	<u>27,000</u>	<u>31,219</u>	<u>4,219</u>
TOTAL REVENUES	<u>45,860</u>	<u>50,153</u>	<u>4,293</u>
EXPENDITURES - SUPPORTING SERVICES			
Non-Professional salaries	23,056	23,003	53
Insurance	12,260	12,314	(54)
FICA	5,145	5,086	59
Purchased services	3,096	1,879	1,217
Supplies	32,000	36,611	(4,611)
Capital outlay	1,000	-	1,000
TOTAL EXPENDITURES	<u>76,557</u>	<u>78,893</u>	<u>(2,336)</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	<u>(30,697)</u>	<u>(28,740)</u>	<u>6,629</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in - Special Education	<u>32,000</u>	<u>30,000</u>	<u>(2,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>32,000</u>	<u>30,000</u>	<u>(2,000)</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	<u>\$ 1,303</u>	<u>\$ 1,260</u>	<u>\$ (43)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2005

	<u>PRIVATE PURPOSE TRUST FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>			
Cash	\$ 27,948	\$ 218,982	\$ 246,930
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 27,948</u></b>	<b><u>\$ 218,982</u></b>	<b><u>\$ 246,930</u></b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Due to other organizations		\$ 218,982	\$ 218,982
Fund Balance:			
Reserved for programs	\$ 27,948	-	27,948
<b><u>TOTAL LIABILITIES AND FUND BALANCE</u></b>	<b><u>\$ 27,948</u></b>	<b><u>\$ 218,982</u></b>	<b><u>\$ 246,930</u></b>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**ALL AGENCY FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN**  
**ASSETS & LIABILITIES**  
June 30, 2005

	<u>BALANCE</u> <u>7/1/2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/2005</u>
<b><u>STUDENT ACTIVITY FUND</u></b>				
ASSETS				
Cash & Cash equivalent investments	<u>\$ 216,069</u>	<u>\$ 27,309</u>	<u>\$ 24,396</u>	<u>\$ 218,982</u>
LIABILITIES				
Due to school groups	<u>\$ 216,069</u>	<u>\$ 27,309</u>	<u>\$ 24,396</u>	<u>\$ 218,982</u>



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF BONDED DEBT - 1998 ISSUE**  
June 30, 2005

<u>May 15</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL PRINCIPAL &amp; INTEREST</u>
2006	\$ 132,395	\$ 59,187	\$ 191,582
2007	29,309	11,282	40,591
2008	30,712	9,887	40,599
2009	32,175	8,424	40,599
2010	33,705	6,892	40,597
2011	35,310	5,287	40,597
2012	36,990	3,606	40,596
2013	38,750	1,845	40,595
	<u>\$ 369,346</u>	<u>\$ 106,410</u>	<u>\$ 475,756</u>

The above bond issue bears interest at 4.76%. The bond proceeds were used for erecting, furnishing and equipping additions to the existing school buildings and developing and improving the site.

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid payments as security for this bond and the State Aid payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid payments. The School District, as requested by the Authority, hereby irrevocably authorizes the payment of the State Aid payments directly to the Authority's depository.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**

Additional Reports Required By  
OMB Circular A-133

Year Ended June 30, 2005

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Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

August 12, 2005

To the Board of Education  
Lewis Cass Intermediate School District  
Cassopolis, MI

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lewis Cass Intermediate School District as of and for the year ended June 30, 2005, which collectively comprise Lewis Cass Intermediate School District's basic financial statements of the District's primary government and have issued our report thereon dated August 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered Lewis Cass Intermediate School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Lewis Cass Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

August 12, 2005

To the Board of Education  
Lewis Cass Intermediate School District  
Cassopolis, MI

**COMPLIANCE**

We have audited the compliance of Lewis Cass Intermediate School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Lewis Cass Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lewis Cass Intermediate School District's management. Our responsibility is to express an opinion on Lewis Cass Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lewis Cass Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lewis Cass Intermediate School District's compliance with those requirements.

In our opinion, Lewis Cass Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

To the Board of Education  
August 12, 2005

### **INTERNAL CONTROL OVER COMPLIANCE**

The management of Lewis Cass Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lewis Cass Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lewis Cass Intermediate School District as of and for the year ended June 30, 2005, and have issued our report thereon dated August 12, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Lewis Cass Intermediate School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
U.S. DEPARTMENT OF EDUCATION: Passed through Michigan Dept. of Education:								
Vocational Education -								
Vocational Basic-Perkins	84.048	53520501219	\$ 729,337	\$ 27,706	\$ 762,706	\$ 729,337	\$ 729,337	-
Vocational Basic	84.048	43520401219	762,706	27,706	762,706	729,337		-
			1,492,043					-
Infant/Toddler	84.181	51340190	129,160			102,500	103,291	\$ 791
Infant/Toddler	84.181	41340190	142,665	2,052	124,552	20,165	18,113	-
			271,825	2,052	124,552	122,665	121,404	791
State Initiative Competitive	84.027*	050490TS	60,000			60,000	60,000	-
		050490CB	15,074			15,074	15,074	-
		050480E0SD	35,000			35,000	35,000	-
			110,074			110,074		
Title II-Improving Teacher Quality	84.367	505200405	713			713	713	-
Title II-Improving Teacher Quality	84.367	405200304	618			618	618	-
Title II-Improving Teacher Quality	84.367	405200405	82			82	82	82
			1,413			1,331	1,413	82
Handicapped - IDEA	84.027*	504500405	1,361,900			1,172,395	1,204,802	32,407
	84.027*	404500304	1,164,844	513	1,075,513	89,844	89,331	-
			2,526,744	513	1,075,513	1,262,239	1,294,133	32,407
Title V-Part A Innovative Programs	84.298	502500405	1,055			1,055	1,055	-
Title V-Part A Innovative Programs	84.298	402500304	1,197			1,197	1,197	-
Title V-Part A Innovative Programs	84.298	402500405	395			395	395	395
			2,647			2,252	2,647	395

\* = Cluster

The accompanying notes are an integral part of this schedule.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
<b>U.S. DEPARTMENT OF EDUCATION:</b>								
Passed through Michigan Dept. of Education:								
Preschool Incentive	84.173*	504600405	\$ 52,524			\$ 52,524	\$ 52,524	
Total Passed Through Michigan Department of Education			4,457,270	\$ 30,271	\$ 1,962,771	2,308,128	2,311,532	\$ 33,675
<b>Direct - U.S. Dept of Education:</b>								
Safe & Drug Free Schools & Community	84.184	S184L020057-03	1,000,000	67,514	686,514	400,804	333,290	-
	84.184	S184L020057-04	1,000,000			624,195	715,415	91,220
			2,000,000	67,514	686,514	1,024,999	1,048,705	91,220
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			6,457,270	97,785	2,649,285	3,333,127	3,360,237	124,895
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>								
Passed through Michigan Dept. of Education:								
National School Breakfast	10.553		8,992	482		9,474	8,992	-
National School Lunch	10.555		18,093	587		18,680	18,093	-
			27,085	1,069		28,154	27,085	-
Commodity Supplemental Food Program:								
Entitlement commodities	10.550		3,662			3,662	3,662	
Bonus commodities	10.565		472			472	472	
			4,134	-		4,134	4,134	-
Passed through Michigan Works:								
Food Stamp Employment & Training	10.561	01-00-4350	115,792			76,611	84,190	7,579
Food Stamp Employment & Training	10.561	01-00-4350	166,141	14,265	106,364	72,528	58,263	-
			281,933	14,265	106,364	149,139	142,453	7,579
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			313,152	15,334	106,364	181,427	173,672	7,579

The accompanying notes are an integral part of this schedule.



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
U.S. DEPARTMENT OF LABOR: Passed through Berrien Intermediate Schools: Entrepreneurship Development Perkins III - Tech Prep Perkins III - Tech Prep	84.048	650W02-01	\$ 34,115	\$ 27,476	\$ 27,476	\$ 22,335	\$ 11,885	\$ 11,885
	84.048	2004-05	22,335				22,335	-
	84.048	2003-04	27,476			27,476		-
			83,926	27,476	27,476	49,811	34,220	11,885
Passed through Michigan Works: Employment Services Employment Services Re-Employment Services	17.207	03-00-4129	550,300	-	-	450,846	523,996	73,150
	17.207	03-00-4585	514,989	42,598	455,757	42,598	-	-
	17.207	05-00-3326	31,583			31,583	31,583	-
			1,096,872	42,598	455,757	525,027	555,579	73,150
Youth Works Youth Works	17.259	00-00-6175	274,794	44,662	44,662	262,030	217,368	-
	17.259	00-00-6175	378,224			1,360	13,338	11,978
			653,018	44,662	44,662	263,390	230,706	11,978
Statewide Activity Statewide Activity	17.259	03-00-8005	14,383	-	-	5,358	14,383	9,025
	17.259	03-00-8003	16,092	7,625	16,092	7,625	-	-
			30,475	7,625	16,092	12,983	14,383	9,025
WIA Title I Youth WIA Title I Youth	17.259	00-00-6175	625,539			475,171	554,756	79,585
	17.259	03-00-8003	906,020	160,251	782,765	160,251		-
			1,531,559	160,251	782,765	635,422	554,756	79,585
TOTAL U.S. DEPARTMENT OF LABOR			3,395,850	282,612	1,326,752	1,486,633	1,389,644	185,623

The accompanying notes are an integral part of this schedule.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:								
Passed through Michigan Dept. of Social Services:								
Medical Assistance Programs Title XI	93.778							
Medicaid Transportation Reimbursement	93.778		\$ 20,882	\$ (47,815)	\$ 10,330	\$ 19,619	\$ 20,882	\$ 1,263
Medicaid - Administrative Outreach			<u>20,882</u>	<u>(47,815)</u>	<u>10,330</u>	<u>100,033</u>	<u>80,414</u>	<u>(47,815)</u>
							<u>101,296</u>	<u>(46,552)</u>
Passed through Michigan Works:								
Workfirst	93.558	02-00-2687	65,000			55,546	55,546	-
Workfirst	93.558	02-00-2687	2,150,000	127,372	1,806,505	339,237	211,865	-
Workfirst	93.558	03-00-2804	1,699,305			1,110,845	1,213,570	102,725
Workfirst	93.558	02-00-2687	175,000		23,267	151,733	151,733	-
			<u>4,089,305</u>	<u>127,372</u>	<u>1,829,772</u>	<u>1,657,361</u>	<u>1,632,714</u>	<u>102,725</u>
TANF work first (Three Rivers)	93.558	04-05	<u>344,876</u>			<u>235,312</u>	<u>239,811</u>	<u>4,499</u>
Food Stamps (Three Rivers)	10.561	04-05	<u>28,367</u>			<u>14,289</u>	<u>14,289</u>	<u>-</u>
Reed Act	Unknown	04-91	<u>348,792</u>		<u>266,338</u>	<u>268,134</u>	<u>268,134</u>	<u>-</u>
Passed through Michigan FIA:								
Wraparound Program	93.558	WRAP05-14001	58,146			33,658	40,076	6,418
Wraparound Program	93.558	WRAP02-14001-3	58,150	38,383	38,383	58,150	19,767	-
Family Reunification	93.558	FR04-11001	202,053	6,968	134,061	54,718	47,750	-
Family Reunification	93.558	FR04-11001-2	202,053			127,086	144,859	17,773
Families First	93.558	FF0311001-3	429,038			266,261	296,178	29,917
Families First	93.558	FF0311001-2	429,038	28,468	281,632	154,364	125,896	-
Adoptive Family Mentor	93.558	SFSC05-11001	24,685			3,503	1,630	1,630
Respite Care	93.558	SFSC02-14004-4	8,290	4,304	4,304	8,290	5,200	1,697
Respite Care	93.558	SFSC02-14004-3	8,290				3,986	-
			<u>1,419,743</u>	<u>78,123</u>	<u>458,380</u>	<u>706,030</u>	<u>685,342</u>	<u>57,435</u>
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES								
			<u>6,251,965</u>	<u>157,680</u>	<u>2,564,820</u>	<u>2,981,159</u>	<u>2,941,586</u>	<u>118,107</u>
TOTAL FEDERAL ASSISTANCE								
			<u>\$ 16,418,237</u>	<u>\$ 553,411</u>	<u>\$ 6,647,221</u>	<u>\$ 7,982,346</u>	<u>\$ 7,865,139</u>	<u>\$ 436,204</u>

The accompanying notes are an integral part of this schedule.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
Provided to Subrecipients  
Year Ended June 30, 2005

84.048 Vocational Education Basic Grant 043520/401219

Van Buren Intermediate School District	\$ 189,627
Berrian Intermediate School District	407,177
Cassopolis	965
Dowagiac	400
Edwardsburg	<u>1,724</u>
	<u>\$ 599,893</u>

84.184 Safe & Drug Free Schools & Community

Edwardsburg	\$ 114,185
Cassopolis	131,600
Dowagiac	134,191
Marcellus	<u>112,220</u>
	<u>\$ 492,196</u>

93.778 Medicaid - Administrative Outreach

Edwardsburg	\$ 11,139
Cassopolis	11,567
Dowagiac	30,414
Marcellus	<u>11,786</u>
	<u>\$ 64,906</u>

84.027 Transition Grant

Dowagiac	<u>\$ 2,415</u>
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84.048 Entrepreneurship Development

Edwardsburg	<u>\$ 10,385</u>
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The accompanying notes are an integral part of this schedule.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lewis Cass Intermediate School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Welfare To Work, CFDA #93.558 was audited as a major program and represent 32.52% of expenditures.
2. The threshold for distinguishing Type A and B programs was \$300,000.
3. Expenditures on this schedule reconcile with amounts reported in the financial statements and financial reports submitted to the Michigan Department of Education.
4. Management has utilized the R7120, Grant Section Auditors' Report, in preparing the schedule of expenditures of federal awards.
5. The amounts reported on the Receipt Entitlement Balance Report agree with this schedule for USDA donated food commodities.

**NOTE 3 – RECONCILIATION OF FEDERAL REVENUE**

The current year expenditures on the Schedule of Expenditures of Federal Awards agrees to the federal revenue reported in the financial statements, as follows:

Federal revenue per financial statements	\$7,865,139
Federal expenditures per Schedule of Federal Awards	\$7,865,139

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Section I – Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: *Unqualified*

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes      X   No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

93.558

Welfare To Work

Dollar threshold used to distinguish between type A and Type B Programs:

\$300,000

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**EWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Finding 2004-1:

*Condition:*

During the year ended June 30, 2004 an administrator funded by the Welfare To Work grants was reimbursed for mileage that the auditor considered unreasonable. Total reimbursement amounted to \$20,817.

*Recommendation:*

The auditor recommended that all mileage reimbursements be reviewed and approved by both the program administrator and the school district's business manager.

*Current Status:*

Both the program administrator and the district's business manager now review and approve expense reimbursement requests. In addition, the administrator in question has now resigned.

Finding 2004-2:

*Condition:*

During the year ended June 30, 2004, overtime was paid to several grant employees without proper documentation and detail. Total overtime paid that was questioned was \$15,914.

*Recommendation:*

The auditor recommended that all overtime be supported by adequate documentation and detail and that it be approved by either the Superintendent or business manager.

*Current Status:*

The overtime that was paid this past fiscal year has been dramatically reduced. In addition, any request for overtime must be approved by the Superintendent or business manager.

# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

July 30, 2005

To the Board of Education  
Lewis Cass Intermediate School District  
Cassopolis, Michigan

In planning and performing our audit of the financial statements of Lewis Cass Intermediate School District for the year ended June 30, 2005, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated July 30, 2005, on the financial statements of Lewis Cass Intermediate School District.

## **New Rules For 403(B) Plans**

Proposed regulations were issued last year that require a written plan document for 403(b) plans. The plan must contain all the material terms and conditions for eligibility, benefits, contribution limitations, the annuity contracts or accounts available or used under the plan for funding, and the time and form under which benefit payments will be made. There is no requirement that a single document must be used. This rule applies for tax years beginning after 2005. We would recommend that you contact your attorney before the end of 2005 to assure you comply.

## **Michigan Works Grants**

Once again this year, we selected several of the federal projects that are accounted for in the Community Service Fund for compliance testing. We are happy to report that many of the issues that we addressed in our previous recommendation letter have been resolved. These issues include the unemployment rate that is being assessed, a cost allocation plan is now in place, overtime pay has been dramatically reduced and mileage reimbursement requests are now being properly reviewed and approved. We commend your superintendent and business office for a job well done.

The only issue that is still a problem is the fact that the various checking accounts are still not being reconciled properly to the general ledger. Bank reconciliations are the cornerstone of a strong system of internal control, and although these particular accounts are time consuming and tedious to reconcile, they should still be done each month to verify that all transactions have been properly recorded.

As a result of various year-end adjustments including those needed to balance cash, a small deficit fund balance now exists in the Community Service Fund. We recommend that a transfer be made from the general fund to correct this situation.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Lewis Cass Intermediate School District, management and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS